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Warner, Adoniram Judson

Hon. John Jay Knox
claims to be the author...

[S.I.]

[1890]

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Hon. John Jay Knox claims to be the author of
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[April, 1890]

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No. 1

LIBRARY OF
THE REFORM CLUB
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Hon. JOHN JAY KNOX

Claims to be the Author of the Act
That Demonetized Silver.

He Asks for Information and Receives it
from the Trenchant Pen of

Hon. A. J. Warner. 332.41

Z_v. 31

THE NATIONAL BANK OF THE REPUBLIC,
CORNER WALL STREET AND BROADWAY,
NEW YORK, April 8, 1890.

Hon. A. J. Warner.

DEAR SIR: In a leaflet recently printed
over your signature you say: "Wipe out
the crime of 1873 by which the money stand-
ard was unjustly increased," etc., etc.

As I was the author of the act of 1870,
which subsequently became the law of 1873,
or at least of that section which discon-
tinued the coinage of silver dollars, I re-
spectfully request that you will inform me
what you mean by the "crime of 1873" and
oblige, yours truly,

JOHN JAY KNOX.

MARIETTA, O., April 12, 1890.

Hon. John Jay Knox, President National Bank
of the Republic, New York City.

DEAR SIR: I beg to acknowledge the re-
ceipt of your letter of April 8, in which you
state that you were the author of the act

of 1870, which subsequently became the law of 1873, or that part of it which demonetized silver, and ask what I mean by referring to that act as the "crime of 1873."

An aggravated offence against the public welfare, or a great wrong to society, is rightly, I think, classed as a public crime; and certainly an act that compasses public robbery can hardly be spoken of otherwise than as a crime. Such acts may be the result of blunders, but the acts themselves are rightly referred to as crimes. Blunders are said sometimes to be worse than crimes, but without the intent they do not, of course, come within the legal or technical definition of crime.

The act of 1873 changed the money standard of the country from gold and silver to gold alone. Every coin debt that existed at that time was legally and equitably payable according to the bi-metallic standard, and in coin of either metal. The act of 1873, changing the standard to gold alone, changed it in the interest of creditor nations and of credit holders and against debtors. The direct and necessary effect of the act demonetizing silver was to increase the value of gold, thus making the gold standard itself a very different standard from the gold standard as it existed with silver possessing equal mintage rights and legal tender power with gold. This increase in the standard was made to apply to all debts, national, state, municipal and private.

Now, I submit that the annals of mankind do not afford an example of greater public wrong and injustice than the act demonetizing silver and thus changing the standard of value in favor of one class and against another. The effect has been the

30 July 1919 Dm

spoliation of one-third of the assessable value of all property for the benefit of the credit-holding class. Under this act the value of gold has appreciated 50 per cent. and prices have fallen 33 per cent.

Now, what is the justification of this change in the money standard? When it took place we had not yet begun to pay our vast war debt—a debt created mostly by a paper scale far above the level of the metals. Under those circumstances to change the metallic scale, as ordinary people now look upon it, was not merely a piece of insane legislation, but a gigantic fraud, involving the most rank injustice. I have elsewhere publicly said that "I did not believe it was in the power of human ingenuity, prompted by the most malevolent greed, to devise a measure involving more widespread and far-reaching injustice and wrong to mankind than the measure that demonetized silver." I see no reason to take back or modify this statement. If governments may, with impunity, alter money standards where vast interests, rights, and equities are involved, against either creditor or debtor, then no rights are secure. In my judgment such acts are rightly classed as high crimes. So much for the characterization of the act of 1873.

Now, as to its author. You put forth the claim that you are entitled to be

* * * "by merit raised
To that bad eminence." * * *

I have not been disposed to lay the blame for this act on any single American citizen, nor do I now believe, notwithstanding the claim you put forth to this questionable distinction, that any man in public life in the

United States had any adequate comprehension of the far-reaching and insidious consequences which have emanated from this act. I am aware of the claim you put forth in your reply to Mr. Delmar in 1885, and I have heretofore carefully searched the Congressional Records for all they contained on the question. I have also heard many of our most eminent public men talk on the subject. I heard what Judge Kelley, chairman of the Committee on Coinage in 1872, said in Congress as to the part he took, and called Mr. Garfield, Mr. Blaine and others as witnesses.

I doubt not you knew that the words demonetizing silver were included in the sixty-seven sections of the coinage law, (which few of those who voted for the bill seemed to understand) but I never believed that you comprehended the consequences of such a change in our monetary system; nor do you yet seem to fully comprehend its enormity. Somebody, of course, did know; somebody did devise the act of 1873, and did foresee that it would work the spoliation it was intended to. It was not an accident; accidents of that kind never happen. But he or they who devised the plan of silver demonetization for Germany and the United States understood the philosophy of money. He or they were evidently men familiar with the teachings of Ricardo, Mill and Overstone. But that any man in public life in the United States at that time understood the question well enough to purposely devise such a scheme, I very much doubt. The truth is that at that time there was very little knowledge of monetary science in this country. Little was known even of the monetary literature that existed, and

this fact was well known on the other side of the ocean. Silver was demonetized under the delusion that gold constituted an invariable standard, "the imposture of an invariable gold yard-stick" did the mischief. Mr. Sherman, in a public speech years afterwards, said that gold never changed in value—"It was fixed as the sun." That yourself and Dr. Linderman were used as instruments to procure this nefarious legislation, I have never doubted. The absurd claims respecting the trade dollar (which was introduced to cover up the withdrawal of the standard legal-tender dollar), that if the dollar piece was made a little larger we could get more per ounce for our silver in foreign countries illustrates what was going on at the time this legislation was being concocted, and how little the money question was understood.

What was there, pray, in the situation as far back as 1870 that should have a patriotic American to propose the demonetization of silver? Such a measure was certainly not called for by the people, and not one in a million of the people in this country knew of the act till long after its passage. Did you or did you not know at the time that the demonetization of silver would increase the value of gold the world over and add enormously to our debt burden? That is the question.

I think the Hon. Thomas Fitch, at the St. Louis Silver Convention, correctly represented the situation when he said:

"In this transaction England appeared as the bunco-steerer of the world and Uncle Sam the gentleman from the rural districts."

Therefore, in my judgment, the act of

1873 has never been too severely denounced as an act involving the grossest injustice, and therefore in the nature of a public crime. I have, however, never charged any American citizen with deliberate intent to commit a crime by devising or foisting this act upon the people, knowing what its consequences would be, nor am I able to comprehend the moral sense of one who comes forward to claim the authorship of such a measure. Would you really have us understand that you did deliberately and purposely devise this scheme to change the standard of value and at the same time compel all debtors, the public included, to pay debts created on a paper or coin basis, according to the increased and constantly increasing gold standard, and that, too, when the national debt aggregated nearly \$3,000,000,000? To me such an act stands in the same category with piracy and other forms of deliberate spoliation.

Nor is the wrong done to debtors the only evil wrought by this act. It has forced the constant adjustment of all industrial operations to an ever appreciating standard of value, producing endless bankruptcies, forcing idleness with attending strikes, and causing more and greater wrongs and misery than any other cause since the war, if not more than the war itself.

I do not believe you knowingly devised any such thing, but were simply made one of the instruments by which this wrong was perpetrated. I am, therefore, I think, more charitable to you than you are to yourself.

I am, very respectfully yours,

A. J. WARNER.

**END OF
TITLE**